GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

STARRED QUESTION NO:241
ANSWERED ON:16.12.2008
IMPACT OF GLOBAL ECONOMIC CRISIS
Barman Shri Ranen;Das Gupta Shri Gurudas

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the prevailing global economic crisis and slow down have adversely affected the country`s trade and industry;

(b) if so, impact of the slow down on domestic industry, sector-wise alongwith the estimated number of job loss during the current year, industry/sector-wise;

(c) whether the appreciation of Indian rupee against US Dollar has led to trade deficit hardships to exporters during the current financial year;

(d) if so, the extent of the trade deficit; and

(e) the steps taken/proposed to be taken by the Government to tackle these problems?

Answer

MINISTER OF COMMERCE AND INDUSTRY(SHRI KAMAL NATH)

a)to e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO.241 FOR ANSWER ON 16TH DECEMBER, 2008 REGARDING "IMPACT OF GLOBAL ECONOMIC CRISIS"

(a) & (b): Yes Sir. The prevailing global financial crisis and economic slowdown have started showing impact on the country's trade and industry. No exhaustive survey has been conducted by the Government recently regarding the impact of global slow down on domestic industry, particularly regarding job losses. A Sample survey conducted (for the period Aug.- Oct. 2008), by Department of Commerce for 121 export related companies belonging to several employment oriented sectors revealed Loss of Jobs (both direct & indirect) of around 65500.

(c) & (d): During current financial year, the rupee has not appreciated, but has, in fact, depreciated against US $ by around 22%. Trade deficit during this financial year is as given below:

Period	Exports (US $ Billion)	Imports (US $ Billion)	Trade Balance (US $ Billion)
April to Oct., 08	107.31	180.42	(-) 73.11

(e): The Government and the RBI are closely monitoring both the domestic & international economic developments. RBI has recently taken a number of steps to reduce the cost of credit and to improve liquidity for trade & industry, by reducing Repo rate, Reverse Repo rate, Statutory Liquidity Ratio (SLR), Cash Reserve Ratio (CRR) etc. Some of the steps recently taken by Government to tackle the problem are as given in Annexure.

ANNEXURE

Annexure referred to in Reply to Part (e) of Lok Sabha Starred Question No. 241 for Answer on 16th December, 2008 regarding "Impact of Global Economic Crisis"

Steps taken recently by Government

(1) Additional plan expenditure of up to Rs 20,000 crore;

(2) Excise duty reduced across the board by 4 per cent for all products except petroleum products and those products where current

rate was less than 4%;

(3) IIFCL authorised to raise Rs 10,000 crore via tax-free bonds for refinancing eligible infrastructure projects;

(4) PSU banks to announce package for borrowers of home loans;

(5) Interest subvention of 2% has been provided to the following labour intensive sectors for exports:-

Textiles (including Handlooms), Handicrafts, Leather, Gems & Jewellery, Marine Products and SMEs;

(6) Additional fund of Rs 350 crore provided for export incentive Schemes;

(7) All items of handicraft included in Vishesh Krishi and Gram Udyog Yojana (VKGUY);

(8) Back-up guarantee to ECGC for up to Rs 350 crore;

(9) Rs 1,100 crore provided to ensure full refund of claims of CST / Terminal Excise duty / Duty drawback on deemed exports;

(10) Additional funds of Rs 1,400 crores provided for textile sector to clear the backlog claims of TUF;

(11) The guarantee cover for loans to MSME doubled to Rs 1 crore. The lock-in period for such collateral-free loans reduced;

(12) Export duty on iron ore fines eliminated, and for lumps, reduced to 5%;

(13) Import duty on naphtha for power sector eliminated;

(14) Some pending issues relating to Service Tax refund on exports resolved.